Inwood Academy for Leadership Charter School

Financial Statements and Supplementary Information
Years Ended June 30, 2026 and 2025

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Inwood Academy for Leadership Charter School

Financial Statements and Supplementary Information
Years Ended June 30, 2026 and 2025

Inwood Academy for Leadership Charter School

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Independent Auditor's Report

The Board of Trustees
Inwood Academy for Leadership Charter School
New York, New York

Opinion

We have audited the financial statements of Inwood Academy for Leadership Charter School (the School), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the School's Ability to Continue as a Going Concern

As of June 30, 2026, the accompanying financial statements have been prepared assuming that the School will continue as a going concern. As described in Note 2 to the financial statements, the School has incurred recurring decreases in net assets, experienced a significant reduction in its net asset position and cash balances, and has significant debt and lease obligations. These conditions raise substantial doubt about the School's ability to continue as a going concern. Management's evaluation of the events and conditions regarding these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2026 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BDO USA, P.C.

October 26, 2026

Financial Statements

Inwood Academy for Leadership Charter School

Statements of Financial Position

June 30,	**2026**	2025
Assets		
Current Assets		
Cash and cash equivalents	**$ 4,393,758**	$ 5,909,832
Grants and other receivables	**360,356**	349,514
Due from NYC Department of Education	**85,072**	183,430
Prepaid expenses and other assets	**542,476**	544,559
Total Current Assets	**5,381,662**	6,987,335
Non-Current Assets		
Restricted cash	**75,237**	75,223
Bond reserve funds - restricted cash	**1,748,452**	1,712,011
Property and equipment, net	**15,551,713**	16,274,474
Right-of-use assets, operating leases, net	**25,088,457**	30,029,313
Right-of-use assets, finance leases, net	**32,363,566**	33,288,150
Total Non-Current Assets	**74,827,425**	81,379,171
Total Assets	**$ 80,209,087**	$ 88,366,506
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 312,875**	$ 199,807
Accrued interest expense	**140,989**	144,158
Bonds payable, current portion	**410,000**	390,000
Operating lease liabilities, current portion	**3,431,765**	3,493,198
Finance lease liabilities, current portion	**1,040,423**	1,019,631
Total Current Liabilities	**5,336,052**	5,246,794
Non-Current Liabilities		
Bonds payable, net of current portion, bond premium, and debt issuance cost	**15,232,109**	15,610,383
Finance lease liabilities, net of current portion	**35,323,116**	35,635,800
Operating leases liabilities, net of current portion	**24,022,352**	27,945,583
Total Non-Current Liabilities	**74,577,577**	79,191,766
Total Liabilities	**79,913,629**	84,438,560
Commitments and Contingencies (Notes 3, 8, and 10)		
Net assets without donor restrictions	**295,458**	3,927,946
Total Liabilities and Net Assets	**$ 80,209,087**	$ 88,366,506

See accompanying notes to financial statements.

Inwood Academy for Leadership Charter School

Statements of Activities

Year ended June 30,	**2026**	2025
	Without Donor Restrictions	
Revenue and Support		
State and local per pupil operating revenue	**$ 21,049,412**	$ 21,167,483
Government grants and contracts	**5,112,403**	4,819,845
Contributions and other grants	**199,991**	194,629
Employee Retention Credit	**570,685**	-
Interest income	**145,102**	232,487
Total Revenue and Support	**27,077,593**	26,414,444
Expenses		
Program services:		
General education	**14,465,817**	15,224,751
Special education	**4,830,266**	5,108,035
Total Program Services	**19,296,083**	20,332,786
Supporting services:		
Management and general	**11,028,445**	10,678,165
Fundraising	**385,553**	362,509
Total Supporting Services	**11,413,998**	11,040,674
Total Expenses	**30,710,081**	31,373,460
Change in Net Assets	**(3,632,488)**	(4,959,016)
Net Assets, beginning of year	**3,927,946**	8,886,962
Net Assets, end of year	**$ 295,458**	$ 3,927,946

See accompanying notes to financial statements.

Inwood Academy for Leadership Charter School

Statement of Functional Expenses

Year ended June 30, 2026

	No. of Positions	Program Services: General Education	Program Services: Special Education	Program Services: Total Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
Personnel service costs:								
Administrative staff personnel	38	$ 1,955,736	$ 452,972	$ 2,408,708	$ 1,721,811	$ 238,916	$ 1,960,727	$ 4,369,435
Instructional personnel	122	6,269,162	2,272,455	8,541,617	-	-	-	8,541,617
Non-instructional personnel	13	-	-	-	1,051,932	-	1,051,932	1,051,932
Total Salaries and Staff	173	8,224,898	2,725,427	10,950,325	2,773,743	238,916	3,012,659	13,962,984
Payroll taxes and employee benefits		1,739,747	576,488	2,316,235	586,708	50,536	637,244	2,953,479
Retirement benefits		213,505	70,748	284,253	72,002	6,202	78,204	362,457
Legal fees		-	-	-	9,401	-	9,401	9,401
Accounting/audit services		-	-	-	45,932	-	45,932	45,932
Professional fees – other		468,604	155,989	624,593	267,270	12,949	280,219	904,812
Repairs and maintenance		307,020	101,735	408,755	103,539	8,918	112,457	521,212
Insurance		97,287	32,237	129,524	32,809	2,826	35,635	165,159
Utilities		229,587	76,077	305,664	77,425	6,669	84,094	389,758
Supplies/materials		286,380	103,809	390,189	-	-	-	390,189
Equipment/furnishings, non-capitalized		85,153	28,217	113,370	28,717	2,474	31,191	144,561
Staff development		165,463	54,584	220,047	54,902	4,762	59,664	279,711
Student and staff recruitment		85,911	31,111	117,022	330	28	358	117,380
Technology		162,532	55,366	217,898	38,455	3,312	41,767	259,665
Food service		425,105	154,093	579,198	-	-	-	579,198
Student services		241,956	87,705	329,661	30,912	-	30,912	360,573
Office expense		15,681	5,196	20,877	406,927	455	407,382	428,259
Depreciation and amortization		524,736	173,878	698,614	5,250,314	15,242	5,265,556	5,964,170
Interest expense		1,111,630	368,353	1,479,983	1,232,994	32,264	1,265,258	2,745,241
Other		80,622	29,253	109,875	16,065	-	16,065	125,940
		$ 14,465,817	$ 4,830,266	$ 19,296,083	$ 11,028,445	$ 385,553	$ 11,413,998	$ 30,710,081

See accompanying notes to financial statements.

Inwood Academy for Leadership Charter School

Statement of Functional Expenses

Year ended June 30, 2025

	No. of Positions	Program Services: General Education	Program Services: Special Education	Program Services: Total Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
Personnel service costs:								
Administrative staff personnel	44	$ 2,019,600	$ 468,847	$ 2,488,447	$ 1,585,760	$ 233,006	$ 1,818,766	$ 4,307,213
Instructional personnel	141	6,870,464	2,490,416	9,360,880	-	-	-	9,360,880
Non-instructional personnel	15	-	-	-	958,049	-	958,049	958,049
Total Salaries and Staff	200	8,890,064	2,959,263	11,849,327	2,543,809	233,006	2,776,815	14,626,142
Payroll taxes and employee benefits		1,740,453	579,350	2,319,803	498,015	45,617	543,632	2,863,435
Retirement benefits		236,345	78,673	315,018	67,628	6,195	73,823	388,841
Legal fees		-	-	-	104,316	-	104,316	104,316
Accounting/audit services		-	-	-	61,938	-	61,938	61,938
Professional fees – other		583,477	198,876	782,353	247,855	11,174	259,029	1,041,382
Repairs and maintenance		108,712	36,187	144,899	31,107	2,849	33,956	178,855
Insurance		92,666	30,846	123,512	26,515	2,429	28,944	152,456
Utilities		235,052	78,242	313,294	67,258	6,161	73,419	386,713
Supplies/materials		332,508	120,528	453,036	-	-	-	453,036
Equipment/furnishings, non-capitalized		61,847	20,587	82,434	17,697	1,621	19,318	101,752
Staff development		247,968	81,523	329,491	68,666	6,393	75,059	404,550
Student and staff recruitment		107,734	38,959	146,693	896	82	978	147,671
Technology		157,794	54,109	211,903	29,844	2,734	32,578	244,481
Food service		380,852	138,052	518,904	-	-	-	518,904
Student services		286,794	103,957	390,751	6,357	-	6,357	397,108
Office expense		23,677	7,881	31,558	397,027	621	397,648	429,206
Depreciation and amortization		529,383	176,218	705,601	5,234,443	13,875	5,248,318	5,953,919
Interest expense		1,155,910	384,771	1,540,681	1,207,067	29,752	1,236,819	2,777,500
Other		53,515	20,013	73,528	67,727	-	67,727	141,255
		$ 15,224,751	$ 5,108,035	$ 20,332,786	$ 10,678,165	$ 362,509	$ 11,040,674	$ 31,373,460

See accompanying notes to financial statements.

Inwood Academy for Leadership Charter School

Statements of Cash Flows

Year ended June 30,		**2026**		2025
Cash Flows from Operating Activities				
Cash received from operating revenue and support	**$**	**26,449,322**	$	27,437,565
Cash paid to employees and suppliers		**(25,907,622)**		(26,701,691)
Cash received from interest and other income		**715,787**		232,487
Net Cash Provided by Operating Activities		**1,257,487**		968,361
Cash Flows from Investing Activities				
Purchase of property and equipment		**(168,056)**		(160,955)
Net Cash Used in Investing Activities		**(168,056)**		(160,955)
Cash Flows from Financing Activities				
Repayment of finance leases		**(2,179,050)**		(2,179,050)
Repayment of bonds payable		**(390,000)**		(370,000)
Net Cash Used in Financing Activities		**(2,569,050)**		(2,549,050)
Net Decrease in Cash		**(1,479,619)**		(1,741,644)
Cash, Cash Equivalents, and Restricted Cash, beginning of year		**7,697,066**		9,438,710
Cash, Cash Equivalents, and Restricted Cash, end of year	**$**	**6,217,447**	$	7,697,066
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities				
Change in net assets	**$**	**(3,632,488)**	$	(4,959,016)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**5,928,775**		5,916,890
Operating lease expense		**956,192**		1,409,468
Bond premium		**(3,669)**		(3,669)
Amortization of debt issuance costs		**35,395**		37,029
Changes in operating assets and liabilities:				
Grants and other receivables		**(10,842)**		1,352,185
Due from NYC Department of Education		**98,358**		(96,577)
Prepaid expenses and other assets		**2,083**		(23,203)
Repayment of operating lease		**(2,226,216)**		(2,219,673)
Accounts payable and accrued expenses		**113,068**		(442,067)
Accrued interest expense		**(3,169)**		(3,006)
Net Cash Provided by Operating Activities	**$**	**1,257,487**	$	968,361
Supplemental Disclosure of Cash Flow Information				
Cash, cash equivalents, and restricted cash:				
Cash and cash equivalents	**$**	**4,393,758**	$	5,909,832
Restricted cash		**75,237**		75,223
Bond reserve funds - restricted cash		**1,748,452**		1,712,011
Cash, Cash Equivalents, and Restricted Cash, end of year	**$**	**6,217,447**	$	7,697,066
Cash Paid for Interest	**$**	**2,460,121**	$	2,486,721
Right-of-Use Assets, acquired through leases				
Operating lease	**$**	**-**	$	32,823,398

See accompanying notes to financial statements.

1. Nature of the Organization

Inwood Academy for Leadership Charter School (the School) is a New York State, not-for-profit educational corporation that was incorporated on December 15, 2009 to operate a charter school pursuant to Article 56 of the Educational Law of the State of New York. The School was granted a provisional charter on December 15, 2009, valid for a term of five years and renewable by the Board of Regents of the University of the State of New York. The charter of the School was renewed and extended to June 30, 2029.

The School opened its doors in the fall of 2010 in Upper Manhattan with a rigorous academic program and a highly structured and supportive school culture. The School is uniquely designed to empower students in Inwood and Washington Heights to become agents for change through community-focused leadership, character development, and college preparedness.

The School operates classes for students in the fifth through 12th grades.

The School, as determined by the Internal Revenue Service (IRS), is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC and under the corresponding provisions of the New York State tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

2. Financial Condition

As of June 30, 2026, the School had total liabilities of $79,913,629 and net assets of approximately $295,458. The School incurred decreases in net assets of $3,632,488 and $4,959,016 for the years ended June 30, 2026 and 2025, respectively. At June 30, 2026, the School had net assets of $295,458 and significant debt and lease obligations requiring future cash outflows. Cash and cash equivalents declined from $5,909,832 at June 30, 2025 to $4,393,758 at June 30, 2026. The School has experienced a decrease in full-time equivalent (FTE) students, down approximately 18 students from 2025 to 2026. The decrease in students has contributed to a lower local and state per-pupil operating revenue in the current year. These conditions and events, considered in the aggregate, raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management has evaluated the School's financial position, including recent operating losses, changes in net assets, existing debt and lease obligations, and available cash resources. These conditions, when considered collectively, raise substantial doubt about the School's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

In response, management has developed and continues to implement a multiyear financial improvement plan focused on strengthening liquidity, improving operating performance, and supporting the School's long-term financial sustainability. Key components of this plan include projected improvements in operating results, anticipated rent reimbursement funding associated with eligible instructional space and continued enrollment stabilization and growth. Management also maintains active oversight of expenditures, cash flow projections, and available financing resources to support ongoing operations.

While certain components of the financial improvement plan remain subject to external approvals and future funding commitments, management continues to monitor progress and adjust financial strategies as necessary.

The accompanying financial statements have been prepared assuming the School will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty. Additional information regarding management's financial improvement plan, liquidity management strategies, and availability of resources is provided in Note 4.

3. Significant Accounting Policies

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The classification of the School's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions or without donor restrictions—be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions – This class consists of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets Without Donor Restrictions – This class consists of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions, and are, therefore, available for general operations.

At June 30, 2026 and 2025, the School had no assets with donor restrictions.

Cash and Cash Equivalents

The School considers highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents. The School has not experienced any losses on these accounts. The Board of Regents of the State University of New York requires an escrow account of $75,000 to be held aside under the provisions of the School's charter to pay for legal and audit expenses that would be associated with a dissolution should it occur. As of June 30, 2026 and 2025, the School had restricted cash of $75,237 and $75,223, respectively.

Grants and Other Receivables

Grants receivable represent unconditional promises to give. Grants receivable that are expected to be collected within one year and recorded at net realizable value are $360,356 and $349,514 at June 30, 2026 and 2025, respectively. The School has determined that no allowance for uncollectible accounts for grants receivable is necessary at June 30, 2026 and 2025. Such estimate is based on management's assessment of the aged basis of its receivables, as well as current economic conditions and historical information.

Contributions and Government Grants

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a measurable barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity, and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the School fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

The School has a grant agreement with a donor that consists of providing conditional funding in future years, amounting to approximately up to $176,000 at June 30, 2026 and 2025. A corresponding grant receivable has not been recorded on the statements of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones. In July 2026, the School received $123,200 of these funds, and the remaining balance is expected to be received during the fiscal year ending June 30, 2027

Donor-imposed restrictions limit the use of the donated assets as to time or purpose restrictions.

Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions in the statements of activities.

Government grants and contracts revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. Government and other grants contracts are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer the assets. Government and other grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Reimbursements are subject to audit and retroactive adjustment by respective third-party fiscal intermediaries. Revenue from retroactive adjustments is recognized in the year the adjustments are made.

Revenue Recognition

Per-Pupil Revenue

The School recognizes revenues from per-pupil funding in the fiscal year in which the academic programs are provided. Per-pupil revenue is billed and received based on the total number of full-time equivalent (FTE) students and the basic charter school tuition rate for the school district of residence of the students attending the School in any given fiscal year for general education and special education. The FTE is formula-driven and based on the number of days the student has been with the School as a proportion of the number of days in the entire school year (the calculation is done by using the New York State calculator online). The School's total student population includes general education and special education students. The School has determined that revenue from its students has the same performance obligations, types of contract, and services rendered. As a result, the student body is viewed as one customer base for revenue purposes. The School uses a portfolio approach to account for per-pupil contracts as a collective group rather than recognizing revenue on an individual-contract basis. The School believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

Per-pupil invoicing is managed on a bi-monthly basis to the funding source (local school district). Billing is a function of student enrollment for the upcoming fiscal year, which is the basis for the first two invoices per-pupil due June 1 and July 31, which is a projection. Subsequent invoices are due bi-monthly. With the implementation of an automated-invoicing process through a dedicated website, the submission of each invoice is done online. After the year is complete, the School submits the FTE per-pupil reconciliation, listing every student who attended any part of the year, and the FTE each represents. Based on this final count, it calculates how much should have been paid to the School and included in the reconciliation will be any amounts due from the funding source included in grants and other receivables on the statements of financial position at year end, or any amounts payable to the funding source included as a liability on the statements of financial position at year end, as amounts are trued up to actual based on actual numbers submitted at year end.

Additional funding is also provided to support special education services. All students who are identified to need special education services or settings have an Individualized Education Program (IEP), formalized for his or her unique needs. Based on this IEP, the student is categorized into one of three levels of service: zero-20% service, 20-60% service, or 60% or more service required and provided by the School. For a student receiving less than 20% in services, no additional funding is received. For a student receiving services between 20% and 60% and 60% or more services of the school day, additional funding per FTE is received. Billing for this support is incorporated into the per-pupil invoices and is also settled in the same FTE per-pupil reconciliation process.

As the students receive the benefit of these services simultaneously as the School is providing them, the School recognizes per-pupil revenue from these services over time. The School believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to students receiving academic or school services. The School measures the performance obligation from admission or enrollment into the School to the point when the student is discharged or the end of the school year where it is no longer required to provide services to the student, which is generally at the time of discharge or the completion of the school year. All of these services are bundled and considered a single-performance obligation,

and as such, the School accounts for these bundled-performance obligations under state and local per-pupil operating revenue in the statements of activities and recognizes the per-pupil revenue over time. Any adjustments that occur are recorded in the period they become known.

Revenues with customers are comprised of:

Year ended June 30,	**2026**	2025
State and local per-pupil revenue	**$ 21,049,412**	$ 21,167,483
Total Revenue from Contracts Subject to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Revenue from Contracts with Customers (ASC 606)	**21,049,412**	21,167,483
Total Other Revenues Not Subject to ASC 606[(1)]	**6,028,181**	5,246,961
Total Operating Revenues	**$ 27,077,593**	$ 26,414,444

[(1)] Other revenues not subject to ASC 606, include government grants and contracts, contributions and other grants, interest, and other income.

The School had $85,072 and $183,430 accounts receivable subject to ASC 606 at June 30, 2026 and 2025, respectively.

Contract Assets and Contract Liabilities

In accordance with ASC 606, contract assets are to be recognized when an entity has the right to receive consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. The School does not recognize contract assets, as the right to receive consideration is unconditional in accordance with the passage of time criteria. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received. The School does not receive consideration prior to the transfer of goods or services and, therefore, does not recognize contract liabilities.

Property and Equipment

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. The School has established a $1,000 threshold above which assets are evaluated to be capitalized. Leasehold improvements and finance lease equipment are amortized over the shorter of the useful life of the asset or the lease term. Property and equipment acquired with certain government contract funds is recorded as expenses pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized, based on the established threshold.

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying

amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the years ended June 30, 2026 and 2025.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses directly identifiable with a specific program or supporting service are charged directly to that function. Accordingly, certain costs have been allocated among the respective programs and activities according to the functional categories, as follows:

Program Services – This category represents expenses related to general education and special education for certain students requiring additional attention and guidance. These costs are allocated based on the FTE allocation method.

Management and General – This category represents expenses related to the overall administration and operation of the School that are not specific to any program services or development. These costs are allocated based on the FTE allocation method.

Fundraising – This category represents expenses directly associated with the School's effort to raise funds to support the operations for the School. These costs are allocated based on time and effort.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Debt Issuance Costs

The School presents debt issuance costs as a reduction in the carrying amount of the debt in the statements of financial position. Costs incurred in connection with the borrowing are capitalized and amortized over the life of the loan using the effective interest method.

Income Taxes

The School is exempt from federal, state, and local income taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the IRS not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the years ended June 30, 2026 and 2025.

Under GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax-return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The School does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The School is subject to routine audits by a taxing authority. As of June 30, 2026 and 2025, the School was not subject to any examination by a taxing authority.

Credit Losses

The School recognizes credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the year-end. Such amounts are based on the credit losses expected to arise over the life of the asset (contractual term), which includes consideration of prepayments and is based on the expectation as of the financial position date.

Assets are written off when the School determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off are included in determining the necessary reserve at the financial position date.

The School pools its accounts receivable based on similar risk characteristics in estimating expected credit losses. In situations where certain accounts receivable do not share same risk characteristics with other receivables, the School measures the expected credit losses for those receivables individually. The School also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The School determines its estimated credit losses for accounts receivable using a loss-rate approach in determining its lifetime expected credit losses on its receivables from customers. This method is used for calculating an estimate of losses based primarily on the School's historical loss experience. In determining its loss rates, the School evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that the School can reasonably forecast. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: the customers' creditworthiness, changes in policy and procedures, existence, and effect of any concentration of credit and changes in level of such considerations, and the current and forecasted direction of the economic and operation environment.

Employee Retention Credit

The School qualified for and received payments under the Employee Retention Credit (ERC) program, established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ERC is a refundable tax credit against certain employment taxes, equal to 50% of qualified wages paid to employees after March 12, 2020, through December 31, 2021.

The School received ERC payments totaling $570,685 during the year ended June 30, 2026. As of June 30, 2026, the full amount has been refunded to the School and is included within operational revenue and support in the statements of activities. Management has evaluated the eligibility and compliance requirements of the ERC program and determined that the School met all criteria for recognition of the credit.

Reclassification

Certain amounts in the 2025 financial statements were reclassified to conform with the 2026 presentation. These reclassifications had no effect on the School's financial position or change in net assets.

4. Liquidity and Availability of Resources

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The School's management meets monthly to address projected cash flows to meet its operational expenditures. The School's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

June 30,	**2026**	2025
Cash and cash equivalents	**$ 4,393,758**	$ 5,909,832
Restricted cash	**75,237**	75,223
Bond reserve funds - restricted cash	**1,748,452**	1,712,011
Grants and other receivables	**360,356**	349,514
Due from NYC Department of Education	**85,072**	183,430
Total Financial Assets	**6,662,875**	8,230,010
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by contract	**(75,237)**	(75,223)
Restricted for bond reserves	**(1,748,452)**	(1,712,011)
Total Financial Assets Available to Management for General Expenditures Within One Year	**$ 4,839,186**	$ 6,442,776

Liquidity Management

Management continually evaluates the timing of expected collections of grants and other receivable and manages cash disbursements to ensure that sufficient liquidity is available to meet operating obligations as they become due. In response to the School's recent operating losses and decline in net assets, management has developed and continues to monitor a multi-year financial plan designed to improve liquidity and strengthen the School's financial position.

Management's financial improvement plan includes projected operating surpluses in future fiscal years based on the School's approved and working budgets. A significant component of these projections relates to expected rent reimbursement funding from the New York City Department of Education associated with eligible instructional space, including the recently approved relocation of ninth-grade students. The working budget includes projected rent reimbursements that are expected to improve future operating results and cash flows, subject to approval of the related reimbursement application and continued eligibility requirements. Management expects approval of the reimbursement request because the ninth grade is a qualifying grade and the relocation has already been approved by the authorizer.

In addition, management anticipates support from Friends of Inwood Academy (FOIA) in the form of operating contribution. Management is also pursuing additional fundraising efforts through grants and donor contributions. These initiatives are intended to provide supplemental financial resources to support ongoing operations and enhance liquidity. Certain fundraising amounts remain subject to successful grant applications and donor commitments.

Management also actively monitors student enrollment trends and updates its financial forecasts accordingly. The School utilizes a working budget model that is periodically updated for enrollment changes and other operational assumptions to assess future cash flow needs and available resources. Enrollment levels continue to be monitored and adjusted as available student seats are filled.

Furthermore, management evaluates available financing resources, including existing borrowing arrangements and lines of credit, as part of its overall liquidity management strategy. These resources are considered in conjunction with anticipated operating cash flows when assessing the School's ability to meet future obligations.

Management believes that these actions, together with ongoing monitoring of revenues, expenditures, cash flows, enrollment levels, anticipated rent reimbursements, fundraising activities, and available financing resources, are intended to improve the School's liquidity and financial condition and support its ability to meet its obligations as they become due. However, certain elements of management's plans, including rent reimbursement approvals and future fundraising efforts, are dependent upon events and circumstances that are not entirely within the School's control.

5. Property and Equipment

Property and equipment consist of the following:

June 30,	**2026**	2025	Estimated Useful Lives (in years)
Furniture and fixtures	**$ 1,143,393**	$ 1,079,068	3
Equipment and computers	**2,603,998**	2,500,267	3
Leasehold improvements	**23,446,553**	23,446,553	Lesser of life of asset or lease term
	27,193,944	27,025,888	
Less: accumulated depreciation and amortization	**(11,642,231)**	(10,751,414)	
Property and Equipment, Net	**$ 15,551,713**	$ 16,274,474	

Depreciation and amortization expense of property and equipment for the years ended June 30, 2026 and 2025 amounted to $890,817 and $870,955, respectively.

6. Bonds Payable

The School is a conduit bond obligor for $17,560,000 Series 2018A Bonds (the 2018A Bonds) and $435,000 Taxable Series 2018B (the 2018B Bonds) Bonds. The 2018A Bonds were issued on May 15, 2018 with a maturity date of May 1, 2048 and interest rates ranging from 4.875% to 5.50%. The 2018B Bonds were issued on May 15, 2018 with an interest rate of 5.95% and matured on May 1, 2022. The proceeds from the 2018A Bonds and 2018B Bonds were used to build, renovate, and improve a rental facility, pay for the costs of issuance, and to fund several reserve bank

accounts. The School repaid $390,000 and $370,000 of the 2018A Bonds payable during the years ended June 30, 2026 and 2025, respectively.

The reserve accounts consist of the following:

Year ended June 30,	**2026**	2025
2018A and 2018B Bonds interest	**$ 143,045**	$ 148,941
2018A and 2018B Bonds principal	**69,419**	63,127
Project Reserve Fund	**57,949**	57,946
2018A Bonds debt service	**1,225,641**	1,225,610
2018B Bonds debt service	**30,364**	30,363
Bonds repair and replacement reserve	**222,034**	186,024
	$ 1,748,452	$ 1,712,011

The reserve funds are recorded as bond reserve funds – restricted cash in the accompanying statements of financial position.

The School incurred issuance costs of $711,624 and collected a Bond premium of $116,687 in connection with the 2018A Bonds and 2018B Bonds, which are amortized over the life of the Bonds. The amortization of the debt issuance costs for the years ended June 30, 2026 and 2025 amounted to $35,396 and $37,030, respectively, and is included in interest expense on the accompanying statements of functional expenses. The accumulated amortization of the debt issuance costs amounted to $339,570 and $304,174 for the years ended June 30, 2026 and 2025, respectively, and is included in bonds payable, net on the accompanying statements of financial position. The amortization of the Bond premium for each of the years ended June 30, 2026 and 2025 amounted to $3,669, which is included in interest expense on the accompanying statements of functional expenses. The accumulated amortization of the Bond premium amounted to $27,524 and $23,855 for the years ended June 30, 2026 and 2025, respectively.

Bonds payable, net consists of the following:

June 30,	**2026**	2025
Series 2018A Bonds	**$ 15,925,000**	$ 16,315,000
	15,925,000	16,315,000
Add: unamortized bond premium	**89,163**	92,833
Less: unamortized debt issue costs	**(372,054)**	(407,450)
Net Bonds Payable	**$ 15,642,109**	$ 16,000,383

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Aggregate maturities of bonds payable for each of the succeeding five years are as follows:

Year ending June 30,	
2027	$ 410,000
2028	430,000
2029	450,000
2030	470,000
2031	495,000
Thereafter	13,670,000
Total Bonds Payable	$ 15,925,000

The bonds described above are conduit debt securities, since they are offered by a governmental entity not for its own use, but for the use of the School. As the conduit debt obligor, the School is required to make all interest and principal payments as they become due. The bonds are publicly held and, therefore, have additional financial reporting requirements. The bonds above are all secured by and payable from certain revenues and collateral pledged pursuant to the Loan Agreement and Indenture, including the School's unconditional payment obligations thereunder, certain funds and accounts held by the Trustee, and a leasehold mortgage on the School's facility. The School has met the covenant requirements of the bonds as of June 30, 2026 and 2025.

7. Related Party Transactions

Friends of Inwood Academy for Leadership Charter School, Inc. (Friends of IAL), a related party of the School, is a New York State, not-for-profit organization created for the School, which is dedicated to providing assistance to charter schools and other forms of alternative education including, but not limited to, Inwood Academy for Leadership Charter School. There is no control or common board members between Friends of IAL and the School. As of June 30, 2026, Friends of IAL owed the School $93,766.

The School has entered into sublease agreements with Friends of IAL (see Note 8).

8. Leases

The School leases space primarily for operation of the School. The School estimates the expected lease terms by assuming the exercise of renewal options where an economic penalty exists that would preclude the abandonment of the leases at the end of the initial non-cancelable terms and the exercise of such renewal is at the sole discretion of the School. The expected lease terms are used in the determination of whether a lease is a finance or operating lease and in the calculation of straight-line rent expense. Additionally, the useful life of leasehold improvements is limited by the expected lease term or the economic life of the asset, whichever is shorter. If significant expenditures are made for leasehold improvements late in the expected lease term and renewal is reasonably assured, the useful life of the leasehold improvement is limited to the end of the renewal period or economic life of the asset, whichever is shorter. Rent abatements and escalations are considered in the calculation of minimum lease payments in determining straight-line rent expense for operating leases. All lease agreements are accounted for under ASC Topic 842, *Leases,* for the years ended June 30, 2026 and 2025.

Operating Lease

On June 19, 2014, the School entered into a lease with the Roman Catholic Church of St. Jude. The lease period was from July 1, 2014 through June 30, 2024. The School took possession of this space in July 2014. The lease was modified with Friends of IAL. In the event Friends of IAL defaults on rental payments, the School is held liable for any unpaid balance.

The School renewed a noncancelable lease with the Roman Catholic Church of St. Jude. The lease period is from July 1, 2024 through June 30, 2034.

Pursuant to the lease agreement, the School is obligated for minimum annual rentals payable to the Roman Catholic Church of St. Jude. The future minimum rental lease payments to the Roman Catholic Church of St. Jude are as follows:

St. Jude Original

The following tables summarize information related to the lease assets and liabilities:

Year ended June 30,	**2026**	2025
Lease Costs		
Operating lease cost:		
Amortization of right-of-use assets	**$ 1,834,220**	$ 1,834,221
Interest on lease liabilities	**522,420**	564,089
Total Lease Costs	**$ 2,356,640**	$ 2,398,310

Year ended June 30,	**2026**	2025
Right-of-use assets and liabilities:		
Operating lease right-of-use assets, net of amortization	**$ 12,445,486**	$ 13,757,288
Operating lease liabilities	**12,865,927**	14,007,509

June 30,	**2026**	2025
Weighted-average remaining lease term – operating leases	8 years	9 years
Weighted-average discount rate – operating leases	3.87%	3.87%

Year ending June 30,	
2027	$ 1,697,440
2028	1,748,363
2029	1,800,814
2030	1,854,839
2031	1,910,484
Thereafter	6,082,267
Total Minimum Lease Payments	15,094,207
Less: imputed interest	(2,228,280)
Present Value of Net Minimum Lease Payments	$ 12,865,927

St. Jude Annex

The following tables summarize information related to the lease assets and liabilities:

Year ended June 30,	**2026**	2025
Lease Costs		
Operating lease cost:		
Amortization of right-of-use assets	**$ 121,517**	$ 121,517
Interest on lease liabilities	**34,610**	37,371
Total Lease Costs	**$ 156,127**	$ 158,888

Year ended June 30,	**2026**	2025
Right-of-use assets and liabilities:		
Operating lease right-of-use assets, net of amortization	**$ 811,593**	$ 898,499
Operating lease liabilities	**841,541**	884,111

June 30,	**2026**	2025
Weighted-average remaining lease term – operating leases	**8 years**	9 years
Weighted-average discount rate – operating leases	**3.87%**	3.87%

Year ending June 30,	
2027	$ 112,455
2028	115,829
2029	119,304
2030	122,883
2031	126,570
Thereafter	402,950
Total Minimum Lease Payments	999,991
Less: imputed interest	(158,450)
Present Value of Net Minimum Lease Payments	$ 841,541

71 Arden

The School entered into a noncancelable lease with the Roman Catholic Church of Our Lady Queen of Martyrs and St. Jude (71 Arden). The security deposit for the lease was $166,667. The lease period is from July 1, 2024 through June 30, 2034.

On June 9, 2026, the parties executed an amendment to the lease agreement, effective July 1, 2026, which reduced the annual rental payments for the remaining lease term through June 30, 2034. The School accounted for the amendment as a lease modification and remeasured the related lease liability and right-of-use asset based on the revised lease payments and terms.

The following tables summarize information related to the lease assets and liabilities:

June 30,	**2026**	2025
Lease Costs		
Operating lease cost:		
Amortization of right-of-use assets	**$ 2,080,892**	$ 2,157,636
Interest on lease liabilities	**733,367**	564,089
Total Lease Costs	**$ 2,814,259**	$ 2,721,725

June 30,	**2026**	2025
Right-of-use assets and liabilities:		
Operating lease right-of-use assets, net of amortization	**$ 11,831,378**	$ 15,373,526
Operating lease liabilities	**13,746,649**	16,547,161

June 30,	**2026**	**2025**
Weighted-average remaining lease term – operating leases	**8 years**	9 years
Weighted-average discount rate – operating leases	**3.87%**	3.87%

Year ending June 30,	
2027	$ 1,600,000
2028	1,640,000
2029	1,681,000
2030	1,723,025
2031	1,766,100
Thereafter	7,579,598
Total Minimum Lease Payments	15,989,723
Less: imputed interest	(2,243,074)
Present Value of Net Minimum Lease Payments	$ 13,746,649

Finance Lease

Friends of IAL entered into a lease with 3896 10th Ave Associates. On April 12, 2018, the School entered into a sublease agreement with Friends of IAL for the premises located at 3896 10th Avenue effective July 1, 2019 through June 30, 2061. In the event Friends of IAL defaults on rental payments, the School is held liable for any unpaid balance. As part of the lease agreement, the School was required to pay a security deposit of $500,000, which is included in the statements of financial position under prepaid expenses and other assets.

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The following tables summarize information related to the finance lease assets and liabilities:

June 30,	**2026**	2025
Lease Costs		
Finance lease cost:		
Amortization of right-of-use assets	**$ 924,584**	$ 924,586
Interest on lease liabilities	**1,887,056**	1,901,729
Total Lease Costs	**$ 2,811,640**	$ 2,826,315

June 30,	**2026**	2025
Right-of-use assets and liabilities:		
Finance lease right-of-use assets, net of amortization	**$ 32,363,566**	$ 36,655,431
Finance lease liabilities	**36,363,539**	36,653,884

June 30,	**2026**	2025
Weighted-average remaining lease term – finance leases	**32.75 years**	33.75 years
Weighted-average discount rate – finance leases	**5.17%**	5.17%

For finance lease, amortization expense is recorded as a component of depreciation and amortization within the statements of functional expenses. Interest expense is recorded as a component of interest expense within the statements of functional expenses.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of June 30, 2026:

Year ending June 30,	
2027	$ 2,179,050
2028	2,179,050
2029	2,179,050
2030	2,179,050
2031	2,179,050
Thereafter	69,278,386
Total Minimum Lease Payments	80,173,636
Less: amount representing interest	(43,810,097)
Present Value of Net Minimum Lease Payments	$ 36,363,539

9. Pension Plan

The School has a 403(b) profit sharing plan (the Plan), which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan either on the first day of the Plan year or the first day of the seventh month of the Plan year. Those employees who have completed at least one full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 5% of an employee's salary. The School contribution becomes fully vested after the employee completes one year of service. For the years ended

June 30, 2026 and 2025, pension expense for the School was $362,457 and $388,841, respectively, which is included in retirement benefits in the accompanying statements of functional expenses.

10. Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks. The School also intends to defend its positions on these matters. As of June 30, 2026, there are no matters for which the School believes the ultimate outcome would have a material adverse effect on the School's financial position.

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund. The School is of the opinion that such cost disallowances, if any, will not have a material effect in the School's financial statements and will record them in the fiscal year they become known.

11. Concentration Risks

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of $250,000. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts.

The School received approximately 78% and 80% of its total revenue from per pupil funding from the New York City Department of Education during the years ended June 30, 2026 and 2025, respectively.

The School's grants and other receivables consist of one major grantor accounting for approximately 56% and 47% at June 30, 2026 and 2025, respectively.

The School's payables consist of five major vendors accounting for 56% and three major vendors accounting for 53% at June 30, 2026 and 2025, respectively.

12. Subsequent Events

The School has evaluated events through October 26, 2026, which is the date the financial statements were available to be issued, and there were no subsequent events requiring an adjustment to the financial statements or disclosures as stated herein.

Supplementary Information

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
Inwood Academy for Leadership Charter School
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Inwood Academy for Leadership Charter School (the School), which comprise the School's statement of financial position as of June 30, 2026, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

October 26, 2026

Inwood Academy for Leadership Charter School

Schedule of Findings and Questioned Costs
Year Ended June 30, 2026

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP.	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	X no
• Significant deficiency(ies) identified?	_____ yes	X none reported
Noncompliance material to financial statements noted?	_____ yes	X no

Section II – Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.